

DDA 75-5287

NOV 1975

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MEMORANDUM FOR: [REDACTED]

SUBJECT : Command and Control in the Agency

While we are waiting on Finance to prepare the statement I promised you regarding good fiscal and financial controls, you might want to factor the following statement from Congressman Pike into your document:

Excerpt--Congressman Otis G. Pike's comment during the 4 November 1975 hearings by the House Select Committee on Intelligence:

"Now, as the debate on the creation of this Committee progressed, the debate was entirely about the wrongful acts of the CIA, and what we have learned since is that the CIA was no rogue elephant. The CIA was not going out on its own, authorizing projects and carrying projects out. The CIA was not a runaway."

1/10/75 JNM:KMG

John N. McMahon
Associate Deputy Director
for
Administration

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ADDA:JNMcMahon:kmg (6 Nov 75)

DDA 75-5179

97 NOV 1975

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MEMORANDUM FOR: [REDACTED]
Chief, Coordination Staff, IC

SUBJECT : "Abuse" of Covert Procurement System

REFERENCE : Sensitive Issue and Allegation No. 8,
same subj

Attached is Office of Logistics' latest speculation regarding Senate and House Select Committee considerations on covert procurement. The attached represents a culmination of weeks of interviews by the various committees.

John N. McMahon
Associate Deputy Director
for
Administration

Att

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PART I - What is Congress After in Covert Procurement?

A. House Select Committee

At first we felt that the HSC Committee was interested in establishing the fact that CP was being used as a devious means by which a "selected number of privileged Agency employees" were obtaining items such as liquor, jewelry, guns, extra household items, etc. Later, it seemed that they wanted to know why it was necessary for the Agency to retain such an elaborate procurement mechanism to procure items which any individual could go out and purchase on the market without the red-tape of the entire requisitioning system. Judging from their most recent requests, they appear to be preparing the Congressional Committee with objects that could be used to ridicule or embarrass the Agency.

B. Senate Select Committee

1. The SSC, on the other hand, appears to be interested in the way our proprietaries or outside companies may have been used to cover-up any questionable activities, as well as a means to supplement our funding.

2. Further, the SSC may be investigating allegations of featherbedding either current or former Agency employees through the use of contracts with outside companies or proprietaries.

PART II - How Would We Characterize the Committees' Positions?

There has been virtually no direct contact with the Senate, and it is difficult to characterize their position. The Senate requests for data have been straightforward and, for the most part, have not been followed up with further inquiries which would provide insight into their line of inquiry. There has been extensive contact with the House, and it must be concluded from these meetings and the material selected by them for retention that they are highly critical


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of the Agency. Selective use of the material provided either in briefings or in documents could be used to ridicule the Agency's procurement practices. This material is, for the most part, superficial in that it does not, in terms of line items or dollar amounts represent a significant portion of the procurement effort. It may be the intent of the House to use this material to attack the general credibility of the Agency.

III - Conclusions

A. Since we have not been privy to the overall picture of questioning by the SSC vis-a-vis proprietaries, it is difficult to ascertain what they may have concluded because, except as noted above, they have not followed up on any of their questioning with Logistics.

B. On the other hand, the HSC seems to have zeroed in on the sensational or sexy items and apparently closed its eyes to the totality of covert procurement. It would appear that there have been many juicy items they could have focused their attention on and yet chosen not to, at

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already have this information or intend to dig deeper at some later date are questions which we do not have the answers to at this time.